BC Oil and Gas Commission

2015/16 – 2017/18
SERVICE PLAN

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Accountability Statement

On behalf of the Board of Directors and employees of the BC Oil and Gas Commission (Commission), I'm pleased to put forward the 2015/16 – 2017/18 Service Plan. The Commission has a renewed vision to provide oil and gas regulatory excellence for British Columbia's changing energy future and remains committed to delivering on the government's strategic priorities.

In anticipation of increasing activity as final investment decisions are made on Liquefied Natural Gas (LNG) projects, the Commission will transition to electronic submission and electronic permitting as part of its ongoing Business Transition Strategy. This will effectively streamline internal business processes, eliminate paper-based transactions and provide more secure data control.

This year the Commission will continue to proactively engage First Nations to ensure there is meaningful and timely involvement in the process to make decisions on oil and gas activities in B.C. This involves building and maintaining positive working relationships with communities across the province. A key shift will involve a move to area-based analysis. This is a tool to enhance the ability of Commission decision makers in considering the effects of proposed oil and gas activity in the context of other developments to protect ecological, social and cultural heritage values.

The Commission looks forward to new regulations under the Water Sustainability Act. Quarterly and annual water use reporting will continue, along with ongoing permitting and licencing processes that are designed to ensure the protection of environmental flows for fish, future supplies for communities and can be halted in times of drought.

The updated strategic direction articulated in this plan is the culmination of an extensive assessment of the operating environment, risk analysis and past performance. Government has introduced new Taxpayer Accountability Principles the Commission will adhere to, that strengthen accountability, promote cost control, and ensure operations are in the best interest of taxpayers.

This Service Plan was prepared under the direction of the Board of Directors in accordance with the Budget Transparency and Accountability Act and the BC Reporting Principles. The plan is consistent with the government's fiscal plan and strategic priorities, expressed in the BC Jobs Plan, Natural Gas Strategy, Liquefied Natural Gas Strategy, and the Government's Mandate Letter. To the best of our knowledge the significant assumptions, policy decisions, events and identified risks are current and have been considered in preparing this plan.

The Board is accountable for the contents of this plan and the way the plan has been communicated. The Board is also responsible for ensuring corporate performance is measured and results are reported accurately and in a timely fashion.

Steve Carr, Board Chair,
BC Oil and Gas Commission

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Strategic Direction and Context

Strategic Direction

The Commission is the provincial, single-window regulatory agency with responsibilities for regulating oil and gas activities in B.C., including exploration, development, pipeline transportation and reclamation.

It has a legislated mandate under the Oil and Gas Activities Act (OGAA) and its strategic direction is informed by the external operating environment as well as its mission, vision and values. The Commission's strategy is aligned with provincial social and economic priorities and Government's Natural Gas and Liquefied Natural Gas Strategies. The Commission is committed to the Taxpayer Accountability Principles, as outlined by the B.C. Provincial Government, and strives to deliver a cost-effective, reliable and accountable service for British Columbians. More information on the Commission's structure and governance can be found here.

As a responsible and accountable regulator, the Commission is fulfilling its oversight role with respect to natural gas and LNG development by strengthening its internal capacity to provide expert and timely services to industry, First Nations and the numerous stakeholders whose interests the Commission represents in the regulatory process.

Responding to complex and often competing economic, environmental and social priorities driving the oil and gas industry, the Commission maintains a modern and robust regulatory framework and proactively looks for innovative solutions for continued safe and sustainable oil and gas development. In accordance with its mandate, the Commission strives to deliver fair and timely decisions on proposed projects while providing effective and comprehensive oversight of operational safety and environmental protection.

Operating Environment

Oil and gas activity is an important component of British Columbia's economy. The northeast region of the province is part of the Western Canadian Sedimentary Basin, which extends from Manitoba into the Northwest Territories. British Columbia accounts for approximately 25 per cent of Canadian production of natural gas. Currently, British Columbia's natural gas production is at 1.35 trillion cubic feet (Tcf) of marketable natural gas per year. Established hydrocarbon reserves continue to increase, with shale gas reserves in particular signifying a large potential for further development.
The continued natural gas production growth in the province is due to development of shale and tight gas in northeast British Columbia, with the vast majority of wells drilled targeting unconventional formations.

It is important for the Commission to stay fully apprised of the latest technological breakthroughs, and independent world-wide scientific research on possible industry effects on human health, social structures, climate, environmental and cultural values. The Commission continues to deepen and share

its knowledge of B.C.'s hydrocarbon resources and the local effects of oil and gas development so informed decisions can be made in the best interests of all British Columbians.

Through a formal risk analysis process, the Commission's strategic planning cycle is intrinsically linked so all risks and opportunities facing the organization are reviewed and mitigation strategies are integrated into the strategic and operational business plans. The most significant risks and opportunities influencing the Commission's operating environment and its ability to achieve the strategic and operational objectives of the organization are discussed here as "Drivers". These Drivers include:

Minister's Mandate Letter for 2015/16
The Commission's strategy described in this Service Plan sets concrete objectives and actions in support of the provincial Natural Gas Strategy and the LNG Strategy.

North American and Global Natural Gas Markets
The decline of traditional markets for Canadian gas is happening at the same time proven reserves of natural gas are growing year over year as greater knowledge of the Original Gas in Place (OGIP) as well as extraction efficiencies expands. The Ministry of Natural Gas Development (MNGD) estimates there is more than 2,900 Tcf of OGIP in B.C. By way of comparison, Canada produces in the order of 5 Tcf per year under current market conditions. Internationally, growing economies such as China, Korea, Japan and India have seen demand for natural gas increase and are strategically looking to Canada and British Columbia for a secure supply of LNG. Canadian natural gas producers have joined forces with multinationals and are active proponents to develop LNG capacity along B.C.'s coast. Multiple projects are planned and are in various stages of regulatory approval. As of November 2014, the NEB has approved 11 Export Licenses for LNG exports allowing more than 156 MTPA of LNG exports. If all those projects were to proceed, it would equate to incremental natural gas production of more than 7 Tcf.

Provincial Strategies for Natural Gas and LNG
Building on the foundation of the B.C. Jobs Plan, the province released its Natural Gas Strategy supplemented by a strategy for LNG as the newest industry in B.C. envisioning LNG exports to global markets by 2020. The Commission will continue to coordinate permitting with other responsible agencies, including opportunities for optimizing the single-window regulatory model for the efficient and effective review of applications and oversight of permitted LNG facilities and associated major projects.

Major Projects
The Commission designates a proposed activity as a major project if it satisfies some or all of the following criteria:

- Requires jurisdictional coordination amongst multiple government agencies.
- Involves an environmental assessment.
- Is of considerable size and duration.
- Necessitates cross divisional participation by a variety of experts within the Commission.

The Pacific Trails Pipeline, the Kitimat LNG facility, the Pacific Northwest LNG facility, the Coastal Gaslink pipeline, the Prince Rupert Gas Transmission pipeline, the Westcoast Connector Gas Transmission pipeline and the Vancouver Airport Fuel Delivery Project are current major projects being worked on by the Commission.

Major projects usually span the entire province and their scope results in increased interface with multiple First Nations, rights holders and other stakeholders. These major projects are often reviewed concurrently with the Environmental Assessment Office (EAO) and are always required to satisfy environmental and public safety standards.

Organizational Capacity
Organizational capacity remains a key strategic driver for the Commission. To maintain long-term strategic focus, the Commission works steadily to secure a professional and adaptable workforce, modern business systems and infrastructure.

The rising complexity of development applications, the fast pace of technological innovations and new major projects across B.C. including LNG proposals have highlighted more than ever an increased need for technical experts. While the Commission has the capacity to meet its mandate, attracting and retaining the required expertise remains challenging as the Commission competes with industry (private sector) which, in most cases, offers compensation packages that are significantly more competitive.

Regulatory Trends
Major provincial initiatives with potential to influence new regulations and decisions anticipated during this fiscal year include:

- Cumulative Effects Assessment and Management Framework
- Woodland Caribou Management
- Carbon capture and storage
- Regulations under the Water Sustainability Act
- Development of a Natural Resource Road Act
- Amendments to the OGAA and its regulations

The Commission actively participates in and provides regulatory and technical expertise to provincial initiatives affecting natural resource development. Through participation on provincial initiatives, the Commission identifies opportunities to strengthen its single window approach in a manner consistent with the OGAA.

First Nations
The Supreme Court of Canada's decision in Tsilhqot'in Nation is a historic opportunity to work together to build a new path for recognition and reconciliation in the province. The decision also establishes a new reality and legal landscape for a transformed relationship.

The Commission consults with First Nations on proposed oil and gas activities on treaty lands and within their traditional territories in accordance with section 35 of the Constitution Act and established case law. Within Treaty 8, where upstream oil and gas development has

traditionally occurred, the processes by which these consultations are conducted are typically defined through consultation process agreements between each First Nation and the Commission. The negotiation of these agreements is led by the Ministry of Aboriginal Relations and Reconciliation (MARR), with active participation by the Commission and the Ministry of Natural Gas Development.

Interface between oil and gas development and First Nations continues to increase as the mid- and downstream oil and gas sector develop.

Also, new drilling techniques for unconventional gas extraction and proposed new facilities and major projects have increased the need for consultation and proactively engaging First Nations throughout B.C.

Historically, the Commission has developed and maintained agreements with all of the Treaty 8 First Nations. Many of the emerging major projects are requiring consultation and proactive engagement with First Nations outside northeast B.C.

Stewardship

Natural gas and oil development in B.C. occurs primarily in shale and tight gas formations in the Montney, Horn River, Liard Basins and the Cordova Embayment located in the northeast. Unconventional shale gas extraction uses horizontal drilling technologies from multi-well pads allowing for better coordination of access and management of surface effects.

The OGAA and associated regulations increase the Commission's ability to manage the effects of oil and gas activities on the environment and other resource values. Involvement of Commission employees on a variety of basin specific and subject matter teams, committees and working groups help support the work led by ministries and partner agencies to manage the potential effects of oil and gas development on human health, environmental and other resource values.

Economic challenges for operations create potential scenarios where some organizations become insolvent. In addition, there is a trend of increasing inactive well sites awaiting reclamation as the industry matures. Delays in the implementation of restoration activities may increase the number of inactive sites and associated liabilities.

There is an increased public and stakeholder interest in the potential environmental and social effects from oil and gas development, especially in relation to cumulative effects management, environmental mitigation, and hydraulic fracturing. Water use in shale gas extraction continues to be of particular interest to stakeholders. The Commission has implemented a regulatory requirement for companies to disclose the ingredients in hydraulic fracturing fluids used at each well where the technique is performed. Since January 1, 2012, the data is collected and made publicly available through www.FracFocus.ca

Performance Plan

Goals, Strategies, Measures and Targets

The Commission's strategy management system is used to document and communicate accountability at all levels. Potential refinement and improvements are anticipated as the system is reviewed to ensure best practices. Annually, management considers changes to the operating environment resulting from government and Board direction, industry input, First Nations interests expressed through the process of renegotiating consultation process agreements, and any economic drivers that influence the operations of the Commission. Through this review the Commission identified the need to update its performance plan to reflect the current operating environment and emerging trends. Accordingly, the goals, strategies, intitaitves and performance measures outlined in this Service Plan have all been updated from the previous year's Service Plan. These changes have been brought forward to the Board of Directors for consideration and integration into organizational strategy.

Goal 1: Proactively engage First Nations by creating opportunities for meaningful and timely involvement in the process to make decisions on oil and gas activities in B.C.

Strategies

The Commission will proactively engage First Nations by building robust relationships and partnerships, negotiating and implementing agreements and carrying out its legal obligation to consult, to ensure opportunities for involvement in the decision-making process for resource development applications. The Commission will achieve this by:

- Ensuring timely decisions on oil and gas activities through respectful working relationships with First Nations who may be affected by LNG facilities and major projects.
- Having agreements and processes in place with Treaty 8 First Nations to accommodate resource development in Northeast B.C.
- Setting a regular meeting schedule and systematically engaging with First Nations on resource development outside of Northeast B.C.

This goal reflects the Commission's desire to engage in respectful and effective communications with First Nations' communities and is aligned with the Taxpayer Accountability Principles.

Initiatives include:

- **Leader to Leader Program**
  Actively seeking out opportunities to build, and where appropriate, formalize working relationships between First Nations and the Commissioner.

- **Consultation Process Agreements**
  Continuing to pursue and implement existing consultation agreements (including providing capacity funding).
- **First Nations Community Liaison Program**
  Providing services of mutual benefit (emergency response, monitoring). This is currently focused on upstream, but the Commission is exploring options to implement midstream and downstream.
- **Capacity Building Program**
  Building relationships and helping First Nations increase capacity for engaging in oil and gas activities through specific introductions, information sharing and application-specific workshops related to LNG and oil and gas activities.
- **First Nations Communication Plan**
  Enhancing communications in support of a First Nations engagement strategy (and the public overall) by sharing information that is not so technical in nature but geared for understanding. Developing and sharing accurate visual communications to enhance knowledge of resource development in First Nations communities.

Performance Measure 1*:

Measure	Actual	Forecast	Target	Target	Target
Where the Commission determines that a duty to consult exists during the process of making decisions, the Commission will engage potentially impacted First Nations.	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Baseline: N/A Benchmark: N/A	N/A	100%	100%	100%	100%

Performance Measure 2*:

Measure	Actual	Forecast	Target	Target	Target
Number of Commission statutory decision makers and their support staff who have taken aboriginal law and policy training.	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Baseline: N/A Benchmark: N/A	N/A	70	TBD	TBD	TBD

*Note: These are new performance measures that reflect the new goal. As these are new performance measures, baseline data is not available.

Goal 2: Increase efficiency and effectiveness of Commission operations focusing on primary services including permitting and authorizations, compliance, and communications.

Strategies

The Commission will develop integrated systems that meet future business needs and improve services through the Business Transition Strategy (BTS), rigorous analysis of compliance and enforcement activities, and enhanced external and internal communications. The Commission will achieve this by:

- Developing and implementing a system for the planning and execution of compliance activities founded on ISO principles.
- Conducting and applying compliance activities based on annual planning and a rigorous, comprehensive assessment of company performance.
- Supporting business processes by creating simple, intuitive IT systems for internal and external users. This will decrease processing time and increase transparency and effectiveness.
- Recording and maintaining data in a manner that enables staff to perform the analysis necessary to assess risk, monitor performance, conduct audits and plan resources.
- Establishing that all employees in the Commission agree that their geographic location is immaterial to their ability to work as a team.
- Ensuring that the Commission's role, mandate and expertise are understood by the general public and those we interact with.

This goal is aligned with the Taxpayer Accountability Principles to be efficient, accountable and provide a good service.

Initiatives include:

- **Compliance Management System Development and Implementation**
- **Business Transition Strategy (BTS)**
  Projects include E-Permitting, E-Payment, Application Streamlining, E-Consultation, E-Submissions, E-Publishing, Compliance Strategy and Asset Retirement.
- **An Enhanced Communication Strategy**
  Project to create better awareness of the Commission role and work.
  Internal communication audit.

Performance Measure 1:

Measure	Actual	Forecast	Target	Target	Target
Work Engagement Survey (WES) Results on Mission, Vision and Values.	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Baseline: Commission: 63, 2009 Commission Result Benchmark: 60 (BC Public Service 2011/12)	76	N/A*	70#	70#	70#

* Next WES will be conducted in Fall 2015.

Forecasted reults are lower than previous actual results as the Vision was updated in 2014/15.

Performance Measure 2:

Measure	Actual	Forecast	Target	Target	Target
Calendar days to process new well applications.	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Baseline: 33 (2001/02) Benchmark: 30 days (Colorado Oil and Gas Conservation Commission Strategic Plan)	20	13	21	21	21

[9] Note: while the Goal is new to this year's Service Plan, both of these performance mesures were included in the 2014/15 – 2016/17 Service Plan

Goal 3: Continue to develop and implement a workforce plan, taking into account a changing environment, the LNG industry and associated major projects.

Strategies

The Commission will actively anticipate labour, demographic and industry activity levels to ensure the workforce is successfully aligned to meet workload demands, with the expertise to handle all regulatory requirements of an LNG industry, related major projects and other emerging industry trends. The Commission will achieve this by:

- Anticipating and responding to labour, sector and demographic trends.
- Ensuring employees are in the right job, with the right skills and abilities, and understand their development potential to deliver on the Commission's mandate.
- Continuing to position the Commission as an employer of choice, attracting the right people.
- Making staff processes more efficient through the Business Transition Strategy (BTS).

This goal is aligned with the Taxpayer Accountability Principles to offer compensation that adheres to government principles and is respectful of the taxpayer.

Initiatives include:

- **Activity Forecast Initiative**
  - Conduct labour market and industry related research.
  - Produce current and predicted annual internal workforce analytics.
  - Prioritize Commission change management projects.
  - Develop and implement change management project plan to support BTS initiative.
  - Update and implement the upstream activity forecast and major projects analysis.
  - Establish formalized Commission student employment program.
  - Investigate Top Employer options for the Commission.

Performance Measure 1:

Measure	Actual	Forecast	Target	Target	Target
Turnover rate.	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Baseline: 9.1% Benchmark: 10.6% (Alberta Energy Regulator)	12.51%	19%	10%	10%	10%

Performance Measure 2:

Measure	Actual	Forecast	Target	Target	Target
Employee Engagement result per bi-annual Work Engagement Survey (WES).	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Baseline: 69 (2008/09) Benchmark: 65 BC Public Service 2011	73	N/A*	69	69	69

* Next WES will be conducted in Fall 2015. ** Note: while the Goal is new to this year's Service Plan, both of these performance measures were included in the 2014/15 – 2016/17 Service Plan

Goal 4: Enhance working relationships with key stakeholders.

Strategies

The Commission takes a leadership role in fostering positive working relationships with a broad cross-section of stakeholders including landowners, academia, interest groups, all levels of government, the public, industry, and other rights holders to build trust, credibility and understanding in the organization, and fulfill its mandate as the regulator of oil and gas activities for British Columbia. The Commission will achieve this by:

- Extending the Commission's education and outreach program to assist with improving understanding of the regulatory process.
- Working with ministries and partner agencies to ensure the regulatory process is aligned and upholds all applicable legislation.
- Engaging municipal staff and local leaders across the province to foster a better understanding of the Commission's role as the oil and gas regulator.

This goal is aligned with the Taxpayer Accountability Principles to be accountable and to engage in equitable and respectful communications with stakeholders and to develop a strategic engagement plan.

Initiatives include:

- **A Strategic Engagement Plan**
  This initiative focuses on enhancing relationships:
  - With local governments and Chambers of Commerce.
  - With landowners and other rights holders.
  - With provincial (particularly MNGD) and federal levels of government.

- **University Collaboration and Outreach**
  This initiative involves ongoing outreach with universities and post-secondary institutions to collaborate on research projects, co-op programs and job training.

Performance Measure 1*:

Measure	Actual	Forecast	Target	Target	Target
Number of Stakeholder Interests Successfully Addressed.	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Baseline: 87% (2013/14 Commission Result) Benchmark: N/A	87%	TBD	75%	75%	75%

*Note: The Commission considers success of its facilitation efforts when all, or the majority of issues, brought forward that relate to its regulatory jurisdiction are addressed through dispute facilitation or in the Commission's decision (through conditions or regulations). [%] Note: while the Goal is new to this year's Service Plan, this performance mesure was reported on in the 2014/15 – 2016/17 Service Plan.

Performance Measure 2[#]:

Measure	Actual	Forecast	Target	Target	Target
Number of University Research Projects with Commission Participation.	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**
Baseline: TBD Benchmark: TBD	N/A	TBD	3	3	3

[#]Note: The number of university research projects with Commission participation is a new measure and a baseline and forecast are still being established.

Financial Plan

Summary Financial Outlook

Presented here is the Commission's forecast for the fiscal year ending March 31, 2015 with comparative revenues, expenses and capital spending over the Service Plan years 2015/16 to 2017/18. Key assumptions influencing the financial position of the Commission are shown and are in line with risks, uncertainties and operational influences discussed within the Strategic Context section.

The Commission revenue is determined by fees collected on oil and gas activity applications and by levies charged on production and pipelines. Fee revenues fluctuate with industry activity levels, which in turn are influenced by a combination of factors, such as demand trends, weather conditions, natural gas and oil prices and regulatory requirements. To reduce dependency on the more volatile fee revenues, the Commission's funding model is more heavily weighted towards production levies payable on a monthly basis. This model, and the ability to adjust production levies if necessary,

ensures the Commission can remain financially self-sufficient and maintain adequate capacity to oversee growing oil and gas infrastructure in the province, even during times of activity decline. New revenue streams were added in February of 2013 from fees for assessing applications for LNG facilities and associated major pipeline projects.

The revenues from levies on production include the tax on production to fund the Orphan Sites Reclamation Fund (OSRF) administered by the Commission and considered part of the entity for financial statement purposes. The OSRF funds are restricted in use to reclamation of orphaned sites.

Financial Outlook ($000s)	2013/14 Actual	2014/15 Budget	2014/15 Forecast	2015/16 Budget	2016/17 Budget	2017/18 Budget
Revenues						
Production Levies (incl. OSRF)	29,215	27,241	29,345	29,740	31,897	32,663
Pipeline Levies	2,314	2,351	2,350	2,421	2,493	2,568
Fees from Oil and Gas Applications	13,961	19,729	20,391	23,443	21,649	21,767
Miscellaneous & Recoveries	828	800	796	565	565	566
Total Revenues	**46,318**	**50,121**	**52,882**	**56,169**	**56,604**	**57,564**
Expenses						
Salaries and Benefits	21,398	23,350	23,421	24,369	25,455	26,151
Operating & First Nations Expenses	19,754	25,121	27,310	30,306	29,913	29,890
Orphan Reclamation	3,097	1,000	1,500	1,000	1,000	1,000
Total Expenses (Incl. amortization)	**44,249**	**49,471**	**52,231**	**55,675**	**56,368**	**57,041**
Annual Surplus	2,069	650	651	494	236	523
Capital Expenditures	6,932	4,586	4,535	4,280	3,246	2,610

Key Forecast Assumptions

The activity level forecast for the planning period is conservative. Concerted efforts are made to avoid a deficit in any year, and the Commission carefully balances operating expenses with planned capital spending. Employee salaries and benefits constitute the largest expense. The Commission's employees come from a wide range of technical and professional backgrounds and are dispersed in different geographic areas. The salary and benefits structure for unionized employees is governed by collective agreements with the Professional Employees Association (PEA) and the B.C. Government and Service Employees' Union (BCGEU). Bargaining for a new collective agreement with the BCGEU and PEA began this fiscal year.

The Salaries and Benefits expense in 2014/15 is expected to be $23 million. This projection assumes increasing recruitment costs for vacancies and retention of existing employees as the Commission competes for the same technical skills and geographic distribution as one of the most advanced and well-paying industries. The projected Salary and Benefits expense also anticipates adding new

positions required to provide critical regulatory services for LNG and associated major projects outside of northeast B.C.

Operating expenses relate to First Nations agreements involving capacity funding as well as professional services, employee training and development, travel, building occupancy, telecommunications and amortization.

Accumulated annual surpluses are used to fund investment in tangible capital assets, which during 2014/15 are projected to be $4.5 million. The greater portion of the capital expenditures will go towards the development of a new information technology system aimed at consolidating all business applications to a new platform and transitioning to electronic collection, analysis and reporting of operational data. The development of the Business Transition Strategy has been accelerated in order to include necessary changes to accommodate and be available for the permitting of LNG facilities and associated major projects. The overall capital spending remains the same, however due to the accelerated project timing, capital spending distribution over the years of the Service Plan period have been adjusted accordingly.

The Commission's three year financial outlook presented is consistent with the financial information in the government's fiscal plan and is based on the key assumptions. The Commission has no major capital plans in excess of $50 million as defined by the Budget Transparency and Accountability Act. Cash flow required to fund capital will be provided by operating surpluses. The Commission has zero debt and will not incur any during 2015/16.

Cash balances at the year-end 2014/15 are $14 million. Cash held by the OSRF, which is designated for orphan sites reclamation activities, increased to $3 million by March 31, 2015. As a result of implementing the Liability Management Rating program, the Commission holds $23 million in cash and $17 million in Letters of Credit as security deposits from permit holders against potential liability with respect to site reclamation and abandonment.

The Commission continues to take government direction through the Ministry of Natural Gas Development. No major organizational changes are expected over the period of this Service Plan.

Key Assumptions for 2015/16 – 2017/18 Service Plan
New well applications are forecast at 1,118, 1,200, 1,200, and 1,300 annually starting in 2014/15.
Gas volumes are 41.1 x 109m3** , 44.0 x 109m3, 48.3 x 109m3 and 52.9 x 109m3 starting in 2013/14.
Oil volumes are 1.3 x 106m3**, 1.3 x 106m3, 1.2 x 106m3 and 1.2 x 106m3 starting in 2013/14.
Salaries and benefits projections reflect cost containment measures and are subject to labour negotiations.
Inflation is estimated at three per cent per annum.
The Commission has made estimates with respect to consultation process agreements.

**From forecasts provided by Ministry of Natural Gas Development, January 2015.